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SUBJECT: MEDIA REACTION IRAQ IMF-ARGENTINA MIDDLE EAST FTAA-MERCOSUR
06/16/06; BUENOS AIRES

1. SUMMARY STATEMENT

Today's most important international stories include the US Senate allegedly limiting US President Bush's war power in Iraq; the report of external auditors on the IMF performance in handling the 2001 Argentine crisis and the Independent Evaluation Office's review; the situation in the Middle East; and the upcoming Mercosur Foreign Ministerial Meeting to be held in Buenos Aires.

Leading "Clarín," business-financial, center-right "InfoBae," and Radio 10 AM 710 covered the meeting between Ambassador Lino Gutierrez and the six Argentine young political leaders who will travel to the US on an exchange program.

2. OPINION PIECES AND KEY STORIES

- "Bush's war power is limited"

Hugo Alconada Mon, Washington-based correspondent for daily-of-record "La Nación," writes (06/16) "Only one week after having confirmed the best news of recent months for the White House in its daily battle over Iraq, US President George W. Bush's power suffered a new and harsh recoil.

"Yesterday, the US Senate approved a 65.8 billion-dollar emergency package, which was asked by the US Pentagon for war, but, for the first time, the US Senate established precise limits on the President's powers to draft, finance and perform his war plans.

"... The boundary established by the US Senate is only budgetary, but it is a clear parallel to the limits imposed decades ago on the White House during the turn of the Vietnam War."

- "The IMF is accused of avoiding responsibility in the crisis"

Martin Kanenguiser, economic columnist of daily-of-record "La Nación," writes (06/16) "After an analysis of a previous report, a group of experts hired by the IMF issued their findings yesterday. They stated that the IMF avoided assuming its responsibility in the 2001-02 Argentine crisis...

"A panel of experts that reviewed the IMF Independent Evaluation Office's performance stated that there was informative manipulation in the Argentine case and that Washington authorities did not provide enough cooperation to get an accurate assessment in the necessary time."

- "Crossed accusations at the IMF over its role in the Argentine crisis"

Ismael Bermudez, economic columnist of leading "Clarín," writes

(06/16) "The IMF Board publicly disputes the role it played in the 2001 Argentine crisis.

"While there has been controversy for a long time, the debate had not been publicly commented on by IMF authorities. However, they were unable to ignore the situation. The basis of the disagreement comes from a report issued by a panel of experts (appointed by the IMF itself) about the work done by the Independent Evaluation Office (IEO).

"This report included strong criticism of the IEO. According to the report, the IEO's task had certain 'weaknesses.' It strongly disapproved of the IEO's work in Argentina by mid-2004, when the IEO evaluated the IMF's role in the process leading to the end of the convertibility system."

- "The signs of a lie can already be detected"

David Cufre, economic columnist of left-of-center "Pagina 12," writes (06/16) "The IMF manipulated information, scrimped fundamental data about its negotiations with Domingo Cavallo, and led independent evaluators to mistakes.

"These were the conclusions of a new group of external auditors hired by the IMF to judge its performance. The document was posted yesterday on the IMF Website. The report is highly critical. It asserts that in evaluations of the IMF's performance in the 2001 Argentine crisis, the responsibility of the Argentine government was exaggerated while the equally serious mistakes of the IMF were disguised.

"In regards to the performance of the Independent Evaluation Office (IEO), which drafted a report assessing IMF performance, auditors explained that it passively accepted the IMF staff's intromissions to the extreme, and thus changed its conclusions toward that direction..."

- "One thousand and one mistakes"

Marcelo Cantelmi, international editor of leading "Clarín," writes (06/16) "The Palestinian territories are in the middle of chaos for which they are not solely to blame. The combination of blind interests, lack of perspective and all kinds of fundamentalisms explain the lack of a State that fully represents that national entity..."

"All players have been wrong, particularly the US, which ignored the moderate Palestinian administration, thereby contributing to the arrival of extremist Hamas to power..."

"The economic siege to which the Palestinians are being subject to have African features. It will hardly serve to moderate violence - it is rather an incentive to hatred."

13. EDITORIALS

- "Mercosur is under debate"

An editorial in conservative "La Prensa" reads (06/16) "The Mercosur foreign ministerial summit hopes to reach deals that will allow for strengthened regional integration, particularly in regards to crucial international trade negotiations. One of the central things to advance in is the decision to lead joint negotiations at the main institutions; other important issues include drafting a new agenda for the FTAA and a deal with the EU..."

"In the past, the Argentine Governments often prioritized the trade association with the US over that of Mercosur.

"... The impact of any trade or investment treaty depends on the general conditions of such a deal, which depend on the economic policy and expertise of every negotiating party."

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